

# **DARTFORD**

## **BOROUGH COUNCIL**

### CONSTITUTION OF THE COUNCIL

#### **PART 7 FINANCIAL REGULATIONS & CONTRACT STANDING ORDERS**

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## **7.1 DARTFORD BOROUGH COUNCIL FINANCIAL REGULATIONS 2021**

### **1. Introduction**

These Financial Regulations:

- provide the framework for managing the Council's financial affairs and seek to ensure that the Council conducts its affairs in a way that complies with specific statutory provisions, generally accepted accounting principles and professional good practice;
- are an integral part of the stewardship of Council funds and adherence ensures that all financial transactions of the Council are conducted in a manner which demonstrates openness, integrity and transparency;
- form a significant part of the corporate governance of the Council.

- B.1 Directors and Senior Managers are responsible for ensuring that all staff in their areas are aware of the existence and content of these Financial Regulations and other internal regulatory documents and that they comply with them. Non-compliance with these Financial Regulations by any staff, and with any accounting instruction notes and other corporate guidance issued by the Section 151 Officer, may constitute a disciplinary matter that will be pursued, as appropriate, in accordance with the Disciplinary and Dismissal Policy and Procedure.
- B.2 The Section 151 Officer may agree to waive these Financial Regulations in order to proceed in a manner most expedient to the efficient management of the Council. Reasons must be recorded in writing.
- B.3 Where conflict exists between these Financial Regulations and Standing Orders (including Contract Standing Orders), the latter will take precedence.

### **2. Financial Management**

Why is this important?

All staff and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

- Directors and Senior Managers will consult the Section 151 Officer with respect to any matter within his/her purview which is liable to affect the finances, other than provided in estimates, of the Council before any provisional or other commitment is incurred or before reporting thereon to the Cabinet.
- The Section 151 Officer is responsible for ensuring the proper administration of the financial affairs of the Council and that financial management standards and controls are in place and are effectively monitored for compliance.

## C.1 ACCOUNTING

Why is it important?

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibilities for stewardship of public resources. The Council has a statutory responsibility in preparing its annual accounts to present fairly its operations during the year. These accounting records are subject to external audit. This audit provides assurance that the accounts are prepared properly, that approved accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

- C.1.1 All accounting procedures, accounting policies, and financial records of the Council and its officers will be as determined by the Section 151 Officer. Any financial procedures and records maintained in other service areas are the responsibility of senior management and subject to the approval of the Section 151 Officer.
- C.1.2 The Section 151 Officer will make proper arrangements for the preparation, publication and external audit of the Council's accounts in accordance with the most recent Accounts and Audit Regulations 2015. The Audit Board will approve the final version of the accounts
- C.1.3 Directors and Senior Managers are required to maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements and to provide such information as required to enable the Statement of Accounts to be completed in accordance with the guidelines issued by the Section 151 Officer.

## C.2 MANAGING EXPENDITURE – CASH LIMITING RULES

Why is this important?

The cash limiting rules are intended to enable the Cabinet, Directors and Senior Managers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the General Assembly of the Council and therefore, to optimise the use of resources.

- C.2.1 Key controls for the cash limiting rules are:
  - (a) the rules are administered by the Section 151 Officer within the guidelines set by the Council as part of the annual budget process.
  - (b) the overall budget is approved by the General Assembly of the Council. Directors and budget managers are authorised to incur revenue expenditure in accordance with the estimates that make up the budget.
  - (c) virements should not create additional overall budget liability. Directors are expected to exercise their discretion in managing their budgets responsibly and prudently in line with the exceptions list.

- C.2.2 The Section 151 Officer is to prepare jointly with the Director a report to the Cabinet where a virement request is over the limit that Directors can exercise their own authority.
- C.2.3 Directors are responsible for maintaining expenditure within the overall cash limit for their Directorate. Spending Officers are responsible to their relevant Director to ensure expenditure is maintained within the overall cash limit applying to their service department(s).
- C.2.4 Directors are required to ensure that all Spending Officers are aware of their responsibilities and are monitoring their budgets on a regular basis, so as to report to Cabinet and highlight exception items, where appropriate.
- C.2.5 The relevant Director and Spending Officer will be identified for all budgets. Any change of Spending Officer will require approval by the Section 151 Officer in agreement with the relevant Director.
- C.2.6 Any proposals to raise income by increasing fees and charges, or by imposing a new charge where none existed before, must be approved by the Cabinet or under appropriate delegated authority before implementation. Such a request for approval must comply with any information requirements needed to satisfy Members.

### C.3 TREATMENT OF YEAR END BALANCES

Why is this important?

To ensure the integrity of the budget and the medium-term financial plan, it is important that year end balances are treated in accordance with agreed policies and guidelines.

- C.3.1 The key control in this area is that the appropriate accounting procedures are in operation to ensure that balances and reserves carried forward are correct.
- C.3.2 The Section 151 Officer is to ensure that balances and reserves are carried forward in accordance with accounting standards and general reserve guidelines agreed by the General Assembly of the Council in agreement with the Chief Officer and Director of Corporate Services
- C.3.3 The Section 151 Officer will be responsible for the authorisation and expenditure from reserves in consultation with relevant Directors.
- C.3.4 The Section 151 Officer is to report jointly with the relevant Director over and underspending of 5% or £20,000 (whichever is the greater) to the Cabinet on service budget.
- C.3.5 Directors and Senior Managers must adhere to the guidelines set by the Section 151 Officer when providing information for the finalising of the end of year accounts and provide any information required by the Section 151 Officer to report any budget variances to Cabinet.

### C.4 ACCOUNTING POLICIES

Why is this important?

The Section 151 Officer is responsible for the preparation of the Council's statement of Accounts, in accordance with proper practices as set out in the format required by the *Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

C.4.1 The key controls for accounting policies are:

- (a) systems of internal control are in place that ensure financial transactions are lawful
- (b) suitable accounting policies are selected and applied consistently
- (c) proper accounting records are maintained
- (d) financial statements are prepared which present fairly the financial position of the Council and its expenditure and income

C.4.2 The Section 151 Officer is to select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the Statement of Accounts, which is prepared at 31 March each year.

## C.5 ACCOUNTING RECORDS AND RETURNS

Why is this important?

Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. The Council has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Council's resources.

C.5.1 The key controls for accounting records and returns are:

- (a) all finance staff and budget managers operate within the required accounting standards and timetables
- (b) all the Council's transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
- (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements

C.5.2 The Section 151 Officer is to determine accounting procedures and records for the Council. Where these are maintained outside Financial Services, the Section 151 Officer should consult the relevant Director.

C.5.3 The Section 151 Officer is to arrange for the compilation of all accounts and accounting records under his/her direction and to comply as far as is practical, with the following principles when allocating accounting duties:

- (a) separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them
- (b) employees with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions

C.5.4 Directors and Senior Managers must:

- (a) ensure that all claims for funds including grants are made by the due date.
- (b) ensure the proper retention of financial documents in accordance with the requirements set out in the Council's document retention policy.
- (c) consult and obtain the approval of the Section 151 Officer before making any changes to accounting records and procedures.
- (d) comply with the principles outlined above when allocating accounting duties and maintain adequate records to provide a managerial trail leading from the source of income/expenditure through to the accounting statements.
- (e) Directors and Senior Managers will supply information required to enable the statement of accounts to be completed in accordance with guidelines by the Section 151 Officer.

### 3. Financial Planning

#### MEDIUM TERM PLANNING

Why is this important?

Medium term planning involves a planning cycle in which managers and Members develop plans over a period longer than one year. As each year passes, another future year will be added to the medium term plan. This ensures that the Council is always preparing for events in advance.

D.1.1 The key controls for medium term planning are:

- (a) specific budget approval for all expenditure
- (b) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service

to be delivered

- (c) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

D.1.2 The Section 151 Officer will:

- (a) advise members on budget prospects, including resource constraints set by the Government. Reports should take account of the budget assumptions.
- (b) advise on the medium term implications of spending decisions and encourage the best use of resources and value for money by working with Senior Managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice on conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- (c) advise the General Assembly of the Council in accordance with his/her responsibilities under Section 151 of the Local Government Act 1972.

D.1.3 Directors and Senior Managers will in consultation with the Section 151 Officer and in accordance with the laid-down guidance and timetable prepare detailed draft revenue and capital budgets.

When drawing up draft budget requirements, to have regard to:

- (a) spending patterns and pressures revealed through the budget monitoring process
- (b) legal requirements
- (c) policy requirements as defined by the General Assembly of the Council in the approved policy framework
- (d) initiatives already under way
- (e) working within budget limits and to utilise resources allocated, and further allocate resources, in the most efficient, effective and economic way
- (f) Identifying opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

## D.2 BUDGETING

Why is this important?

D.2.1 The format of the budget determines the level of detail to which financial control and management will be exercised. Budget management ensures



that once the budget has been approved by the General Assembly of the Council, resources allocated are used for their intended purposes, in line with the Corporate Plan, and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year.

D.2.2 The key controls for the budget format are:

- (a) the format complies with all legal requirements
- (b) the format complies with CIPFA's Service Reporting Accounting – Code of Practice (SeRCOP)
- (c) the format reflects the accountabilities of service delivery

D.2.3 The key controls for the budget management are:

- (a) budget managers should be responsible only for income and expenditure that they can influence
- (b) there is a nominated budget manager for each budget heading
- (c) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities
- (d) budget managers follow an approved certification process for all expenditure
- (e) income and expenditure are properly recorded and accounted for
- (f) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget

D.2.4 The Section 151 Officer will ensure budget management is exercised within annual cash limits unless the General Assembly of the Council agrees otherwise.

D.2.5 The Section 151 Officer will establish an appropriate framework of budgetary management and control that ensures that:

- (a) each Senior Manager has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities
- (b) all officers responsible for committing expenditure will comply with relevant guidance, and the Financial Regulations
- (c) each budget head will have a single named manager, determined by the relevant Director or Senior Manager. As a general principle, budget responsibility should be aligned as closely as possible to the decision-making processes that commits expenditure

- (d) significant variances from approved budgets are investigated and reported by budget managers regularly.

D.2.6 The Section 151 Officer will:

- (a) administer the Council's cash limiting rules.
- (b) submit reports to the Cabinet, in consultation with the relevant Senior Manager/s, where a Senior Manager is unable to balance expenditure and resources within existing approved budgets under his/her control.
- (c) The Section 151 Officer will prepare and submit reports on the Council's projected income and expenditure compared with the budget on a regular basis.
- (d) The Section 151 Officer will ensure that a monitoring process is in place to review performance levels/levels of service in conjunction with the budget and is operating effectively.

D.2.7 Directors will ensure:

- (a) that an accountable budget manager is identified for each item of income and expenditure under the control of the Director (grouped together in a series of cost centres). As a general principle, budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.
- (b) spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

D.2.8 Directors and Senior Managers will ensure prior approval by the General Assembly of the Council or Cabinet (as appropriate) for new proposals of whatever amount, that:

- (a) create financial commitments in future years
- (b) change existing policies, initiate new policies or cease existing policies
- (c) materially extend or reduce the Council's services

D.2.9 Directors and Senior Managers will maintain budgetary control within their services to ensure that all income and expenditure are properly recorded and accounted for.

D.3 CAPITAL PROGRAMME

Why is this important?

Capital expenditure involves acquiring or enhancing fixed assets with a long term value

to the Council, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and can create financial commitments for the future in the form of financing costs and revenue running costs.

The Council is restricted in its ability to fund capital expenditure. This means that capital expenditure should form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of resources.

D.3.1 The key controls for capital programmes are:

- (a) specific approval by the General Assembly of the Council for the capital expenditure budget
- (b) expenditure on capital schemes is subject to the approval of the Section 151 Officer and the Leadership Team
- (c) a process for approving capital projects and monitoring their progress
- (d) schedules of schemes within the overall budget approved by the General Assembly of the Council must be submitted to the Cabinet for approval
- (e) the development and implementation of an asset management plan
- (f) accountability for each proposal is accepted by a named manager
- (g) monitoring of progress in conjunction with expenditure and comparison with approved budget.

D.3.2 The Section 151 Officer:

- (a) will prepare capital estimates jointly with Directors and Senior Managers and to report them for recommendation with the associated financing requirements to the General Assembly of the Council.
- (b) will prepare and submit reports to the Cabinet on the projected income, expenditure and resources compared with the approved estimates.
- (c) will issue guidance concerning capital schemes and controls, e.g. on project appraisal techniques. The definition of 'capital' will be determined by the Section 151 Officer having regard to government regulations and accounting requirements.

D.3.3 Directors and Senior Managers will:

- (a) obtain, authorisation from the Cabinet for individual schemes where the estimated expenditure exceeds the capital programme provision by more than £50,000 or 10% (whichever is the greater).
- (b) ensure that all capital proposals, above a defined cost level, have undergone a project appraisal in accordance with any guidance issued by the Section 151 Officer.

- (c) comply with guidance concerning capital schemes and controls issued by the Section 151 Officer.
- (d) prepare regular reports reviewing the capital programme for their services. They should also prepare a monthly return of schemes in the approved capital programme for submission to the Section 151 Officer.
- (e) ensure that adequate records are maintained for all capital contracts.
- (f) proceed with projects only when there is adequate provision in the capital programme and with the agreement of the Section 151 Officer, where required.
- (g) will prepare and submit reports, jointly with the Section 151 Officer, to the Cabinet, of any variation in contract costs greater than the approved limits. The Cabinet has unlimited power of virement within the capital programme.
- (h) prepare and submit reports, jointly with the Section 151 Officer, to the Cabinet, on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the specified amount.
- (i) ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Section 151 Officer and, if applicable, approval of the scheme through the capital programme.

#### D.4 MAINTENANCE OF RESERVES

Why is this important?

The Council must decide the level of general reserves it wishes to maintain before it can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the Identified Initiative Reserve.

D.4.1 The key controls for reserves are:

- (a) To maintain reserves in accordance with the Code of Practice on Local Council Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies.
- (b) For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
- (c) Authorisation of expenditure from reserves by the Section 151 Officer.

D.4.2 The Section 151 Officer will advise the Cabinet and/or the General Assembly of the Council on prudent levels of reserves for the Council, and to take account of the advice of the external auditor in this matter.

D.4.3 Directors and Senior Managers will ensure that resources are used only for the purposes for which they were intended.

## 4. Risk Management and Control of Resources

### E.1 RISK MANAGEMENT

Why is this important?

All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to manage the barriers that might prevent achievement of the key objectives and to secure the assets of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

It is the overall responsibility of the Cabinet to approve the Council's risk management strategy, and to promote a culture of risk management awareness throughout the Council. The Audit Board reviews and monitors the Council's arrangements for risk management.

E.1.1 The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Council
- (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuous basis
- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives

- (d) provision is made for losses that might result from the risks that remain
- (e) acceptable levels of risk are determined and insured against where appropriate
- (f) the Council has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

E.1.2 The Chief Officer and Director of Corporate Services is responsible for:

- (a) preparing and promote the Council's risk management strategy and to effect corporate insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.
- (b) The Chief Officer and Director of Corporate Services is responsible for developing risk management controls in conjunction with other Directors and Senior Managers who must also take responsibility for risk management, having regard to advice from the Chief Officer and Director of Corporate Services and other specialist officers.

E.1.3 Directors must ensure there are regular reviews of risk within their directorates in accordance with the risk management strategy and they must notify the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.

E.1.4 Senior Managers:

- (a) will notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the Council, together with any information or explanation required by the Section 151 Officer or the Council's insurers.
- (b) must notify the Section 151 Officer and the Head of Legal Services on the terms of any indemnity that the Council is requested to give, and not to enter into such indemnity without specific approval.
- (c) Directors and Senior Managers must ensure that employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

## E.2 INTERNAL CONTROLS

Why is this important?

The Council is a complex organisation and beyond the direct control of individuals. It therefore requires internal controls to manage and monitor progress towards strategic objectives and statutory obligations.

The Council faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage the risks.

The system of internal controls is established in order to provide measurable achievement of:

- (a) efficient and effective operations
- (b) reliable financial information and reporting
- (c) compliance with laws and regulations
- (d) risk management

#### Key controls

The key controls and control objectives for internal control system are:

- (a) key controls should be reviewed on a regular basis and the Council should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively
- (b) managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities
- (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) an effective internal audit function that is properly resourced. It should operate in accordance with Public Sector Internal Audit Standards and the principles contained in the CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom and with any other statutory obligations and regulations.

E.2.1 The Section 151 Officer will assist the Council to put in place an appropriate control environment and effective internal controls, which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

E.2.2 Directors will manage processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks.

E.2.3 Directors and Senior Managers will:

- (a) review existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Section 151 Officer. Directors should also be responsible for removing controls that are unnecessary or not cost or risk effective – e.g. because of duplication.

- (b) ensure staff have a clear understanding of the consequences of lack of control.

### E.3 INTERNAL AUDIT

Why is this important?

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2015, regulation 5, more specifically require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Accordingly, internal audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

E.3.1 The key controls for internal audit are:

- (a) that it is independent in its planning and operation
- (b) the Chief Audit Executive has direct access to the Head of Paid Service, all levels of management and directly to elected Members
- (c) internal auditors comply with the CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom.

E.3.2 The Section 151 Officer will ensure that internal auditors have the authority to:

- (a) access Council premises at reasonable times
- (b) access all assets, records, documents, correspondence and control systems
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the Council to account for cash, stores or any other Council asset under his/her control
- (e) access records belonging to third parties, such as contractors, when required
- (f) directly access the Head of Paid Service, the Cabinet and Audit Board.

E.3.3 The Audit Manager will also:

- (a) recommend the strategic and annual audits plans and take account of the characteristics and relative risks of the activities involved, for approval by the Audit Board as appropriate.



- (b) ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

#### E.3.4 Directors and Senior Managers will:

- (a) ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- (b) ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) consider and respond promptly to recommendations in audit reports in accordance with the audit protocol.
- (d) ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- (e) notify the Section 151 Officer, the Chief Officer and Director of Corporate Services and the Audit Manager immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, the Manager should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- (f) ensure that new systems for maintaining financial records, or records of assets, or changes to systems, are discussed with and agreed by the Section 151 Officer prior to implementation.

### E.4 EXTERNAL AUDIT

#### Why is this important?

The Council's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Council and its income and expenditure for the year in question and complies with the legal requirements.

E.4.1 Our current external auditors were appointed by the Audit Commission however future auditors will be appointed by the Council in line with the procedures specified in the Local Audit and Accountability Act 2014.

#### E.4.2 The Section 151 Officer will:

- (a) Ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- (b) To ensure there is effective liaison between external and internal audit.
- (c) To work with the external auditor and advise the General Assembly of the

Council, Audit Board, Cabinet and Directors on their responsibilities in relation to external audit.

- E.4.3 Directors and Senior Managers will ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- E.4.4 Directors and Senior Managers will ensure that all records and systems are up to date and available for inspection.

## E.5 PREVENTING FRAUD AND CORRUPTION

Why is this important?

The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.

The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

- E.5.1 The key controls regarding the prevention of financial irregularities are that:
  - (a) the Council has an effective Counter Fraud and Corruption Strategy and maintains a culture that will not tolerate fraud or corruption
  - (b) all Members and staff act with integrity and lead by example
  - (c) high standards of conduct are promoted amongst members by the Audit Board
  - (d) the maintenance of registers of hospitality (Members and Officers) in which any hospitality or gifts accepted must be recorded
  - (e) the maintenance of registers of interest (Members and Officers)
  - (f) whistle-blowing procedures are in place and operate effectively
- E.5.2 The Section 151 Officer will:
  - (a) develop and maintain an Counter Fraud and Corruption Strategy and Whistleblowing Policy.
  - (b) be responsible for anti-money laundering policies and practices as the anti-money laundering officer
  - (c) maintain adequate and effective internal control arrangements.
  - (d) ensure that all suspected irregularities are reported to the Audit Manager and the Head of Paid Service, as appropriate.

### E.5.3 Directors and Senior Managers will:

- (a) ensure that all suspected irregularities are reported to the Audit Manager Section 151 Officer and the Head of Paid Service.
- (b) instigate the Council's disciplinary procedures or reference to the Section 151 Officer and Monitoring Officer (for breaches of the Member Code of Conduct) where the outcome of an audit investigation indicates improper behaviour.
- (c) ensure that where financial impropriety is discovered, the Section 151 Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.
- (d) maintain any specific registers of hospitality, where relevant.

## E.6 ASSETS - SECURITY

### Why is this important?

The Council holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

### E.6.1 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:

- (a) resources are used only for the purposes of the Council and are properly accounted for
- (b) resources are available for use when required
- (c) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits
- (d) an asset register is maintained for the Council and assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset
- (e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act 2018, UK GDPR and software copyright legislation
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer e-mail and internet security policies.

- E.6.2 The Section 151 Officer will ensure that an asset register is maintained in accordance with good practice for property, plant and equipment . The function of the asset register is to provide the Council with information about fixed assets so that they are:
- (a) Safeguarded
  - (b) used efficiently and effectively
  - (c) adequately maintained
- E.6.3 The Section 151 Officer will also receive the information for accounting, costing and financial records from each Director and ensure that assets are valued in accordance with the CIPFA Code of Practice on Local Authority Accounting.
- E.6.4 The relevant Director will maintain a property database in a form approved by the Section 151 Officer for all land and property currently owned or tenanted by the Council.
- E.6.5 Where land or buildings are surplus to requirements, a recommendation for sale should be made to the Section 151 Officer.
- E.6.6 Directors and Senior Managers are responsible:
- a) To ensure that lessees and other prospective occupiers of Council land do not take possession or enter the land until a lease or other contractual agreement has been established.
  - b) To ensure the proper security of all buildings and other assets under their control.
  - c) To ensure that any health and safety issues arising from Council owned property are brought to the attention of the Property Services Manager or the Housing Maintenance Manager if relating to Housing Stock.
  - d) To ensure that no Council asset is subject to a personal use by an employee without proper authority.
  - e) To ensure the safe custody of vehicles, equipment, furniture, stock stores and other property belonging to the Council.
  - f) To ensure that the section maintains a register (inventory) of moveable assets in accordance with arrangements defined by the Section 151 Officer.
  - g) To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
  - h) To ensure cash holdings on premises are kept to a minimum.
  - i) To ensure that keys to safes and similar receptacles are kept secure at all times; loss of any such keys must be reported to the Section 151 Officer as soon as possible.

- j) To record all disposal or part exchange of assets that should normally be by competitive tender or public auction, unless the Section 151 Officer agrees otherwise.
- k) To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Section 151 Officer.
- l) To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

## E.7 INVENTORIES

### E.7.1 Directors and Senior managers will:

- a) Maintain inventories of moveable assets and record an adequate description of furniture, fittings, equipment, plant and machinery above the value of £1,000. See Financial Guide on intranet for further details.
- b) Carry out an annual check of all items on the inventory in order to verify location, review conditions and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.

Make sure that property is only used in the course of the Council's business, unless the Director concerned has given permission otherwise.

## E.8 STOCKS AND STORES

### E.8.1 Directors and Senior managers will:

- a) Make arrangements for the care and custody of stocks and stores in the directorate.
- b) Ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- c) Investigate and recommend removal from the Council's records (i.e. write off) discrepancies as necessary, or to obtain Cabinet approval in line with delegation regarding the writing off of debt.
- d) Seek Cabinet approval to the write-off of redundant stocks and equipment in excess of a predetermined sum.

## E.9 ASSEST DISPOSAL

Why is this important?

It would be uneconomic and inefficient for the cost of assets (for example, buildings and major items of plant and equipment or vehicles) to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the rules of the Council.

- E.9.1 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- E.9.2 These procedures protect staff involved in the disposal from accusations of personal gain.
- E.9.3 Land disposals must comply with the Strategic Asset Management Plan.
- E.9.4 The Section 151 Officer will issue guidelines representing best practice for disposal of assets and ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds, if appropriate.
- E.9.5 Directors and Senior Managers will arrange for the disposal of surplus or obsolete materials, stores or equipment, in accordance with agreed procedures and will ensure that income received for the disposal of an asset is properly banked and coded.

## E.10 TREASURY MANAGEMENT AND BANKING

Why is this important?

Many millions of pounds pass through the Council's books each year, leading to the establishment of internal codes of practice. These aim to provide assurances that the Council's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Council's capital sum.

Key controls

- E.10.1 The key controls for Treasury Management are that the Council's borrowings and investments comply with the Treasury Management in the Public Services: Code of Practice and with the Council's Treasury Management Strategy as approved by the Council.
- E.10.2 The Council's Treasury Management Panel must oversee the Treasury Management Function in accordance with its terms of reference.
- E.10.3 The Section 151 Officer will:
  - a) Arrange the borrowing and investments of the Council in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Council's Treasury Management Strategy Statement.

- b) Report (at least) twice a year on treasury management activities to the Cabinet including a year-end report.
- c) Operate bank accounts as are considered necessary – opening or closing any bank account will require the approval of the Section 151 Officer and Chief Officer and Director of Corporate Services
- d) Ensure that all investments of money are made in the name of the Council or in the name of approved nominees.
- e) Ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership, are held in the appropriate custody.
- f) Effect all borrowings in the name of the Council.
- g) Act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

E.10.4 Maximum limits for cash holdings and guidance around record keeping will be agreed with the Section 151 Officer. Limits will not be exceeded without his/her express permission.

E.10.5 Directors and Senior Managers will:

- a) ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Section 151 Officer.
- b) Only use cash for transactions when approved by the Section 151 Officer.

## E.11 STAFFING

Why is this important?

In order to provide the highest level of service, it is crucial that the Council recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.

E.11.1 The key controls for staffing are:

- a) an appropriate workforce strategy
- b) procedures are in place for forecasting staffing requirements and cost
- c) controls are implemented that ensure that staff time is used efficiently and to the benefit of the Council
- d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

- e) Controls are in place to ensure that only properly authorised appointments are made

E.11.2 The Section 151 Officer will:

- a) Ensure that budget provision exists for approved staffing levels.
- b) Act as an advisor to Directors and Senior Managers on areas such as national insurance and pension contributions, as appropriate.

E.11.3 Directors and Senior Managers will:

- a) ensure that the staffing budget is an accurate forecast of staffing levels and is equated to an appropriate revenue budget provision (including on- costs and overheads).
- b) monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- c) ensure that the staffing budget is not exceeded and that it is managed to enable the agreed level of service to be provided.
- d) ensure that the Section 151 Officer are immediately informed if the staffing budget is likely to be materially overspent.

## 5. Financial Systems and Procedures

### F.1 CONTROL OF SYSTEMS AND PROCEDURES

Why is this important?

Directorates have many systems and procedures relating to the control of the Council's assets, including procurement, costing and management systems. Directorates are predominantly reliant on computers for their financial management information. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The Section 151 Officer has a professional responsibility to ensure that the Council's financial systems are sound and should therefore be notified of any new developments or changes.

F.1.1 The key controls for systems and procedures are:

- a) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated
- b) performance is communicated to the appropriate managers on an accurate, complete and timely basis
- c) early warning is provided of deviations from target, plans and budgets that



require management attention

d) operating systems and procedures are secure

F.1.2 The Section 151 Officer will:

- a) issue advice, guidance and procedures for officers and others acting on the Council's behalf
- b) determine the accounting systems, form of accounts and supporting financial records
- c) establish arrangements for audit of the Council's financial affairs
- d) approve any new financial systems to be introduced
- e) approve any changes to be made to existing financial systems.

F.1.3 Directors will:

- a) establish a scheme of delegation identifying officers authorised to act upon their behalf in respect of payments, income collection and procurement, including variations, and showing the limits of their authorisation.
- b) supply lists of authorised officers, with specimen signatures and delegated limits, to the Section 151 Officer, together with any subsequent variations.
- c) ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fire proof location, preferably off site or at an alternative location within the building.
- d) To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.

F.1.4 Directors and Senior Managers will:

- a) ensure that accounting records are properly maintained and held securely.
- b) ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Section 151 Officer.
- c) ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- d) To incorporate appropriate controls to ensure that, where relevant:
  - all input is genuine, complete, accurate, timely and not previously processed

- all processing is carried out in an accurate, complete and timely manner
  - output from the system is complete, accurate and timely.
- e) To ensure that, where practical, the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
  - f) To ensure that systems are documented and staff trained in operations.
  - g) To consult with the Section 151 Officer before changing any existing system or introducing new systems.
  - h) To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
  - i) To ensure that relevant standards and guidelines for computer systems issued by the relevant Director are observed.
  - j) To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
  - k) To comply with the copyright designs and patents legislation and, in particular, to ensure that:
    - only software legally acquired and installed by the Council is used on its computers
    - staff are aware of legislative provisions

## F.2 INCOME

### Why is this important?

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cashflow and also avoids the time and cost of administering debts.

#### F.2.1 The key controls for income are:

- a) all income due to the Council is identified and charged correctly
- b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate recording equipment
- c) all money received by an employee on behalf of the Council is paid without delay to the Section 151 Officer or, as he/she directs, to the Council's bank

account, and properly recorded. The responsibility for cash collection should be separated from that:

- for identifying the amount due
  - for reconciling the amount due to the amount received
- d) effective action is taken to pursue non-payment within defined timescales
- e) formal approval for debt write-off is obtained
- f) appropriate write-off action is taken within defined timescales
- g) appropriate accounting adjustments are made following write-off action
- h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- i) money not allocated and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

F.2.2 The Section 151 Officer will:

- a) agree arrangements for the collection of all income due to the Council and to approve the procedures, systems and documentation for its collection.
- b) ensure that appropriate accounting adjustments are made following write-off action.

F.2.3 The Section 151 Officer will:

- a) agree the write-off of bad debts up to £10,000 in each case and to refer larger sums to the Cabinet.
- b) obtain the approval of the Cabinet in consultation with the relevant Director for writing off debts in excess of £10,000.

F.2.4 Directors and Senior Managers will:

- a) establish charges for the supply of goods or services, including the appropriate charging of VAT.
- b) separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- c) establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- d) issue official receipts or to maintain other documentation for income collection.
- e) hold securely receipts, tickets and other records of income for the appropriate

period.

- f) lock away all income to safeguard against loss or theft, and to ensure the security of cash handling. Cash handling should be minimised and the Section 151 Officer must approve any new arrangements.
- g) ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- h) raise accounts promptly for work done, goods supplied, services rendered or other amounts due.
- i) ensure that sums due to the Council are recorded correctly, monitor recovery of income and flag up areas of concern to the Section 151 Officer. Directors have a responsibility to assist the Section 151 Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- j) recommend to the Section 151 Officer all debts to be written off up to £5,000 and to keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- k) obtain the approval of the Section 151 Officer and where appropriate Cabinet, when writing off debts in excess of £5,000.
- l) notify the Section 151 Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Section 151 Officer.

### F.3 PROCURING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this important?

Public money should be spent with demonstrable probity and in accordance with the Council's policies. Authorities have a statutory duty to achieve best value in part through economy and efficiency. The Council's procedures should help to ensure that services obtain value for money from their purchasing arrangements.

F.3.1 Every officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with relevant codes of conduct.

F.3.2 Official orders must be in a form approved by the Section 151 Officer. Official orders must be issued for all work, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Section 151 Officer.

F.3.3 The normal method of payment to suppliers will be by BACS transfer. Payment by cheque will only be agreed in exceptional circumstances. The use of direct debit requires the prior agreement of the Section 151 Officer.

F.3.4 The key controls for ordering and paying for work, goods and services are:

- a) all goods and services are ordered only by appropriate persons and are correctly recorded
- b) all goods and services will be ordered in accordance with the Council's Contract Standing Orders and procurement procedures
- c) goods and services received are checked to ensure they are in accordance with the order
- d) payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards
- e) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- f) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule
- g) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- h) in addition, processes must be in place to ensure the security and integrity of data transferred in e-business/e-commerce and electronic purchasing transactions

F.3.5 The Section 151 Officer will:

- a) ensure that all the Council's financial systems and procedures are sound and properly administered.
- b) approve any changes to existing financial systems and to approve any new systems before they are introduced.
- c) approve the form of official orders and associated terms and conditions.
- d) To make payments from the Council's funds on the budget holder's authorisation that the expenditure had been duly incurred in accordance with Financial Regulations and Standing Orders (including Contract Standing Orders).
- e) To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- f) To make payments to contractors on authorisation of a contract certificate,

which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

- g) To provide advice and guidance on making payments by the most economical means.
- h) To ensure that a budgetary control system is established that enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that they can be taken into account in budget monitoring reports.

#### F.3.6 Directors and Senior Managers will:

- a) ensure that goods and services are procured in accordance with these Financial Regulations and Contract Standing Orders using systems and procedures approved by the Section 151 Officer.
- b) ensure that purchase orders are only used for goods and services for the Council. Individuals must not use official orders to obtain goods or services for their private use.
- c) ensure that only authorised staff originate orders and that an up-to-date list of authorised staff are maintained, including specimen signatures identifying in each case staffs' authorised limits. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Best value principles should underpin the Council's approach to procurement. Value for money should always be achieved.
- d) ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- e) ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Data Retention and Disposal Policy and Schedule.
- f) ensure that a two stage process as below is adopted to authorise any invoice for payment and that the two stages are authorised by separate officers.

#### Stage 1

The first stage of the authorisation process, either online or by signing the "Goods received" or "checked and coded" boxes on the relevant form, means confirmation that:

- the goods works or services have been received and are of the required quantity and quality and fit for the purpose intended
- that the invoice has not previously been paid

- that expenditure has been charged against the correct budget
- that prices are arithmetically correct and accord with quotations, tenders, contracts or catalogue prices, or are otherwise reasonable
- where VAT is included, it is correct and in the required format
- that discounts have been taken where available
- that if the invoice is in payment for non-consumable moveable assets valued at over £500, an entry has been made on the relevant inventory

## Stage 2

The second stage of the authorisation process, either online or by signing the “certified by” box on the relevant form, means confirmation that:

- The invoice has passed through the stage 1 process
- That any Contract Standing Order or Financial Regulation relevant to the purchase of the goods or services has been complied with e.g. rules for quotations and/or tenders.
- The expenditure has been correctly authorised and budget provision exists.
- ensure that payments are only made following receipt of a formal invoice, and that no payment is made on a photocopy or statement.
- ensure that the directorate obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, having regard to the Procurement Guide. The financial thresholds for procurement are specified in Contract Standing Order 7.

F.3.7 Whilst there is a general presumption in favour of open competition, there will be some circumstances where it may not be appropriate. In such circumstances the requirements of Contract Standing Order 13 should be followed

F.3.8 If a contractor or consultant is responsible for procuring goods or services on behalf of the Council then they must abide by the Council’s Contract Standing Orders and Procurement Guide. Directors and Spending Officers responsible for the appointment of contractors or consultants are required to bring this to their attention where relevant.

F.3.9 Directors will:

- a) Provide a list of staff approved to authorise invoices to the Section 151 Officer. This will include names of authorising officers together with specimen signatures and details of expenditure limits.

## F.4 PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this important?

Staff costs are the largest item of expenditure for most Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is important that all payments are accurately recorded and accounted for, and that Members' allowances are authorised in accordance with the Members' Allowances Scheme adopted by the General Assembly of the Council.

F.4.1 The key controls for payments to employees and Members are:

- a) proper authorisation procedures are in place and that there is adherence to corporate timetables for:
  - starters
  - leavers
  - variations
  - additional payments
- b) frequent reconciliation of payroll expenditure against approved budget and bank account
- c) all appropriate payroll documents are retained and stored for the defined period in accordance with the Data Retention and Disposal Policy and Schedule.
- d) Inland Revenue regulations are complied with.

F.4.2 The Section 151 Officer will:

- a) Arrange for the secure and reliable payment of salaries wages, or other emoluments to employees, in accordance with procedures prescribed by him/her, on the due date.
- b) record and make arrangements for the accurate and timely payment of tax, pension and other deductions.
- c) make arrangements for payment of all travel and subsistence and other claims.
- d) make arrangements for paying Members' allowances in accordance with the scheme approved by the Council.
- e) ensure that there are adequate arrangements to meet any pension administration timescales set by Kent County Council.
- f) ensure appointments are made in accordance with the regulations of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- g) To ensure that adequate and effective systems and procedures are operated,



so that:

- payments are only authorised to bona fide employees
- payments are only made where there is a valid entitlement
- conditions and contracts of employment are correctly applied
- employees' names on the payroll are checked at regular intervals to verify accuracy and completeness

#### F.4.3 Senior Managers will:

- a) ensure that payroll transactions are processed only through the payroll system. Directors should give careful consideration to the employment status of individuals employed on a self-employed consultant or subcontract basis. The Inland Revenue applies a tight definition for employee status, and in cases of doubt, advice should be sought from Financial Services (payroll).
- b) certify travel and subsistence claims, overtime and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred, and that allowances are properly payable by the Council, ensuring that cost-effective use of travel arrangements is achieved. Due consideration should be given to tax implications and that the Section 151 Officer is informed, where appropriate.

#### F.4.4 Members should:

- a) submit claims for any allowances, that require the completion of a claim form e.g. travel and subsistence allowances, on a monthly basis and, in any event, within one month of the year end.

## 6. Taxation

### Why is this important?

Like all organisations, the Council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

#### G.1 Key controls for taxation are:

- a) budget managers are provided with relevant information and kept up to date on tax issues
- b) budget managers are instructed on required record keeping
- c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- d) records are maintained in accordance with instructions

- e) returns are made to the appropriate authorities within the stipulated timescale.

G.2 The Section 151 Officer will:

- a) Complete all HMRC returns regarding PAYE.
- b) Complete a monthly return of VAT inputs and outputs to HMRC.
- c) Provide details to the HMRC regarding the construction industry tax deduction scheme.
- d) Maintain up-to-date information for Council employees on taxation issues in the Financial Guide.

G.3 Directors and Senior Managers will:

- a) ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations, seeking advice when necessary.
- b) ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- c) ensure that all employment appointments are carried out using the approved procedures.
- d) follow the guidance on taxation issued in the Financial Guidance Manual.
- e) Obtain the approval of the Director of Corporate Services before the appointment of anyone classed as self-employed or someone from an agency.

## 7. External Arrangements

### H.1 PARTNERSHIPS

#### Why is this important?

Increasingly, local authorities are working in partnership to deliver services. It is important that the financial arrangements around partnerships are clearly defined and liabilities and risks are made explicit.

- H.1.1 Financial matters relating to arrangements whereby one council administers funds jointly on behalf of itself and others will be subject to the financial standing orders and rules of the administering council, subject to the Section 151 Officer considering these to be satisfactory.
- H.1.2 Directors and Senior Managers will ensure that they follow the guidance in the Council's Code of Practice for Effective Partnership Working when entering into any partnership arrangement.

- H.1.3 Directors and Senior Managers will maintain a record of all contracts entered into with partner bodies in accordance with procedures specified by the Section 151 Officer.
- H.1.4 Directors and Senior Managers will ensure that, before entering into agreements with external bodies, the risk provisions in relation to the Code of Practice for Effective Joint Working Arrangements are complied with.
- H.1.5 Directors and Senior Managers will ensure that such agreements and arrangements do not impact adversely upon the services provided by the Council.
- H.1.6 Directors and Senior Managers will ensure that all agreements and arrangements are properly documented and that the appropriate governance arrangements have been approved by the relevant Director.
- H.1.7 Directors and Senior Managers will provide appropriate information to the Head of Finance to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- H.1.8 Senior Managers are responsible for ensuring that appropriate approvals are obtained from a Director before any negotiations are concluded in relation to partnership arrangements with external bodies.

## H.2 EXTERNAL FUNDING

Why is this important?

Funding from external agencies will remain an important potential source of income for the Council. Such opportunities need to be maximised whilst ensuring that the Council can meet any obligations, which may be placed on it.

H.2.1 The Key controls for external funding are:

- a) to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- b) to ensure that funds are acquired only to meet the priorities approved in the policy framework by the General Assembly of the Council and the Corporate Plan.
- c) to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.
- d) to ensure that when external funding is provided for a limited period only, that the implications of losing the funding is disclosed to Members.

H.2.2 The Section 151 Officer will ensure that all funding notified by external bodies is

received and properly recorded in the Council's accounts.

- H23 The Section 151 Officer will ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- H24 The Section 151 Officer will ensure that all specified audit requirements are met.
- H25 The appropriate Senior Manager will ensure that all claims for funds are made by the due date.
- H26 The appropriate Senior Manager will ensure that the project progresses in accordance with the agreed project timetable and that all expenditure is properly incurred and recorded.
- H27 Terms and conditions for external funding must be agreed by the relevant Director, in consultation with the Head of Legal Services and the Section 151 Officer.

### H.3 WORK FOR THIRD PARTIES

Why is this important?

Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

Key controls

The key controls for working with third parties are:

- (a) To ensure that proposals are costed properly in accordance with guidance provided by the Section 151 Officer.
- (b) To ensure that contracts are drawn up using guidance provided by the Section 151 Officer and Head of Legal Services and that the formal approval processes are adhered to.
- (c) To ensure guidance is issued for the financial aspects of third party contracts.

H3.1 The Section 151 Officer will issue guidance with regard to the financial aspects of third party contracts.

H3.2 Directors and Senior Managers will:

- a) ensure that the approval of the Cabinet or Officers under delegated authority is obtained before any negotiations are concluded to work for third parties.
- b) maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Section 151 Officer.

- c) ensure that appropriate insurance arrangements are made.
- d) ensure that the Council is not put at risk from bad debts arising from the arrangements.
- e) ensure that no contract is subsidised by the Council.
- f) ensure that, wherever possible, payment is received in advance of the delivery of the service.
- g) ensure that the unit has the appropriate expertise to undertake the contract.
- h) ensure that such contracts do not impact adversely upon the services provided for the Council.
- i) ensure that all contracts are properly documented and monitored.
- j) provide appropriate information to the Section 151 Officer to enable a note to be entered into the statement of accounts.

## **7.2. CONTRACT STANDING ORDERS (CONTRACT PROCEDURE RULES) 2025**

### **1.Introduction – Purpose of the Contract Standing Orders**

- 1.1 Procurement decisions and processes are important because the money involved is public money. The purpose of these Contract Standing Orders is to provide a structure within which procurement decisions are made and implemented and which ensure that the Council:
  - 1.1.1 Delivers value for money and maximises public benefit through appropriate market competition, so that we offer best value services to Dartford residents.
  - 1.1.2 Achieves the priority themes within its Corporate Plan.
  - 1.1.3 Meets its Procurement Strategy key focus areas and further ensures that all procurement activity, regardless of value, is fair, open, transparent, proportionate, non-discriminatory and lawful while seeking to achieve best value.
  - 1.1.4 Uses its resources efficiently to purchase quality goods, services and works.
  - 1.1.5 Is compliant with the relevant public sector Procurement Regulations (the Regulations). Public procurement is governed by the Procurement Act 2023 and the Procurement Regulations 2024 and other relevant legislation listed in Annex 1.
  - 1.1.6 Is transparent to our residents and suppliers about how it spends public money so they can understand our policies and decisions.
  - 1.1.7 Safeguards its reputation from any implication of dishonesty, undue criticism, corruption or risk of challenge and ensures that the Council as well as the Councillors and Officers can be seen to act with integrity.
- 1.2 Procurement by the Council, from planning to delivery, shall incorporate (where appropriate) principles of sustainability, efficiency, equality, social value, whole life costings and cost savings and considering any barriers to SMEs and how those can be addressed (where applicable).
- 1.3 These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972.
- 1.4 These Contract Standing Orders do not provide guidelines on what is the best way to purchase works, supplies (goods), services and grant

service concessions. They set out minimum requirements to be followed. Further information and guidelines are set out in the Procurement Guide, which is available on the Intranet: (Procurement/4. Guidance Documents).

The Procurement Guide provides practical guidance on how the CSOs apply to purchasing decisions and processes. It explains some of the more technical and legal issues involved in procurement and provides practical working examples.

## 2. General Principles – Application and Compliance with Contract Standing Orders

1.1 These Contract Standing Orders apply to the purchase by or on behalf of the Council of works, supplies (goods) and services and the granting of service concessions, regardless of value.

1.2 These Contract Standing Orders apply to all contracts including all purchase orders, concessions, partnerships and collaborative arrangements with other bodies and contractual arrangements entered by, or on behalf of, the Council, except for the specific types of contracts and purchasing methods that are listed in 2.3.

1.3 These Contract Standing Orders do not apply to:

1.3.1 Employment contracts for permanent or fixed-term employment

1.3.2 Contracts relating solely to the purchase or lease or sale of interests in land including leasehold interests and licences (and where there is no connected supply of services, works or goods)

1.3.3 Contracts for specified legal services where it would be inappropriate to open those contracts to competition. These are contracts relating to judicial, other dispute resolution proceedings, notary and services that must be carried-out by a particular person under order of a court, tribunal or act.

1.3.4 Contracts for arbitration, mediation, conciliation or similar services.

1.3.5 Non-trade mandatory payments or settlements to third parties, e.g. insurance claims, pension payments, payments to public bodies, etc.

1.3.6 Fees for services or activities like the provision of external auditors as governed or directed by others.

1.3.7 Transactions in respect of dealing in the money market or obtaining finance for the Council.

1.3.8 Subscriptions and membership fees.

1.3.9 Sponsorship agreements.

1.3.10 When purchasing services from another local authority where such arrangements are compliant with Section 113 of the Local Government Act 192.

1.3.11 Contracts procured in collaboration with other local authorities where the Council is not the lead authority (subject to the necessary approvals having been obtained from the appropriate decision-making officer within the Council). In this instance, the procurement/contract procedure rules of the relevant lead authority shall apply. Appropriate assurances must be sought that the lead authority is acting in compliance with its Constitution.

1.3.12 Contracts for the execution of either works supplies or services where the Council has no discretion regarding whether works are required or who must deliver them as in the case of works to be provided by a statutory undertaker, e.g. works to public telecommunications network.

1.3.13 Non-contractual funding arrangements (including grant agreements under which the Council gives a grant to third parties) provided that the terms of the funding arrangements do not constitute a contract. These would be agreements that can properly be regarded as a grant or payments related to internal service level agreements within the Council.

1.3.14 A declared emergency authorised by the Emergency Planning Officer and/or any Director.

1.3.15 Other items which are explicitly stated as being exempt in Schedule 2 of the Procurement Act 2023.

1.4 The above list is not exhaustive, and advice should always be sought from the Procurement Team where there is uncertainty.

### 3. General Principles Applying to All Contracts

2.1 For the purposes of this CSO 3, 'contract' means a formal and legally binding agreement between the Council and other party/parties such as purchase orders, alternative order forms, standard industry contracts (JCT/IEE/ICE etc.), works, supplies, and services terms and conditions, service concessions etc. and 'contractor' includes concessionaires

1. All purchases however small shall be in writing.
2. Contracts of a value of £25,000 or more shall include contract clauses relevant to the procurement. Contract templates are maintained and updated by Legal Services and are held on the Council's intranet: (Procurement/4. Contract Terms and Conditions).

2.2 As a minimum, all contracts of a value of £25,000 or more shall include clauses which set out:



- 1) The works, supplies (goods), services, service concession, material, matters or things to be carried out or supplied
- 2) The time within which the contract is to be performed
- 3) Quality requirements and/or standards which must be met
- 4) Requirements on the contractor to hold and maintain appropriate insurance
- 5) What happens if the contractor fails to comply with its contractual obligations (in whole or in part)
- 6) Requirements on the contractor to comply with all relevant equalities and health and safety legislation

2.3 Requirements on the contractor to comply with the provisions of the data protection legislation insofar as this applies to the processing of personal data, including provisions in the contract, of data controller and processor responsibilities sufficient to comply with the data protection legislation

2.4 That the Council shall be entitled to cancel the contract and recover any resulting losses if the contractor, their employees or anyone acting on their behalf, does anything improper to influence the Council to give the contractor any contract or commits an offence under the Bribery Act 2010 or s117(2) Local Government Act 1972

2.5 All contracts above the relevant financial thresholds and subject to the Procurement Act 2023 must be in a form approved by Legal Services and must include as a minimum:

- (a) additional termination clauses pursuant to the Procurement Act 2023 relating respectively to substantial modification of the contract in breach of the requirements as well as situations amounting to mandatory exclusion of the contractor or their sub-contractor<sup>1</sup>;
- (b) a payment clause relating to payment of invoices no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed; and
- (c) an electronic invoicing clause<sup>2</sup>;
- (d) state the required period within which the contract is to be performed.
- (e) state the required performance and KPIs (if relevant).
- (f) state that if the contractor enters liquidation or administration, the Council is entitled to cancel the contract and recover any resulting losses.
- (g) require the contractor to comply with the requirement of the Health &

Safety at Work etc. Act 1974m and any other relevant legislation pertaining to health and safety.

- (h) require the contractor to comply with Equality Act 2010, and where relevant, the Public Sector Equality Duty and the Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018.
- (i) where relevant, consider inclusion of relevant clauses in relation to the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended.

2.6 Contracts not subject to the Procurement Act 2023, where the Council's standard terms and conditions are not used, shall include a payment clause relating to payment of invoices no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed and an electronic invoicing clause.

2.7 Contracts shall not include non-commercial terms unless these are necessary to achieve best value for the Council or are included in accordance with the Public Services (Social value) Act 2012 or necessary to enable or facilitate the Council's compliance with the public sector equality duty<sup>3</sup> or any duty imposed on it by the Equality Act 2010. In this context, "non-commercial" means requirements unrelated to the actual performance of the contract.

2.8 All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared considering the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and the information set out in the Procurement Guide.

2.9 All contracts of a value of £25,000 or more shall be subject to a written risk assessment, which should be kept on the contract file of the client group, procuring the contract, and on legal service's file (if applicable).

#### 4.Regulatory Context

2.10 All procurement shall be conducted in accordance with regulatory requirements which are:

- 2.10.1 All relevant statutory provisions
- 2.10.2 The Procurement Act 2023

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<sup>1</sup> Section 78 Procurement Act 2023

<sup>2</sup> The Public Procurement (Electronic Invoices etc.) Regulations 2019

- 2.10.3 The Council's Constitution including these Contract Standing Orders, the Council's Financial Regulations and Scheme of Delegations
- 2.10.4 The Procurement Guide and other policies and procedures of the Council as appropriate.
- 2.11 In the event of conflict between the above, the Procurement Act 2023 will take precedence, followed by the Council's Constitution, the Procurement Guide and guidelines, policies and procedures.

## 5. Responsibilities of Directors and Responsible Officers

### 2.12 Each Director shall:

- 2.12.1 be responsible for the purchasing undertaken by their Directorate.
- 2.12.2 ensure all procurements and contracts within their service comply with the Contract Standing Orders and the Procurement Guide and to select (in consultation with the Procurement Team) the most appropriate procurement approach.
- 2.12.3 be accountable to the Cabinet for the performance of their duties in relation to purchasing
- 2.12.4 comply with the Council's decision-making processes including, where appropriate, implementing and operating a Scheme of Delegations
- 2.12.5 appoint a Responsible Officer who shall be an authorised signatory
- 2.12.6 take immediate action in the event of a breach of these Contract Standing Orders.
- 2.13 A Responsible Officer is an officer with responsibility for conducting purchasing processes for the purchase of works, supplies (goods) or services or the granting of service concessions on behalf of the Council.
- 2.14 A Responsible Officer's duties in respect of purchasing are to ensure:
  - 2.14.1 compliance with all regulatory requirements referred to above and integrity of the tender process.
  - 2.14.2 compliance with the relevant statutory provisions and the Council's requirements relating to declarations of interest affecting any purchasing process.
  - 2.14.3 that there is an appropriate analysis of the requirement, timescales, procedure and documentation to be used

2.14.4 the purchasing process, from planning to delivery incorporates (where appropriate) principles of sustainability, efficiency, equality, social value, whole life costings and cost savings and considering any barriers to SMEs and how those can be addressed (where applicable).

2.14.5 ensure that their services have the necessary authority to undertake the procurement and further ensure compliance with the Council's decision-making processes

2.14.6 that all contracts of a value of £25,000 or more are included on the Council's Contract Register

2.14.7 that proper records are maintained in accordance with the Data Retention and Disposal Schedule, with separate files for each procurement of a value of £25,000 or more, to justify the decisions taken in all stages of the procurement process

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<sup>3</sup> Section 149 Equality Act 2010

2.14.8 that value for money is achieved and confirm that sufficient budget exists within the revenue budget and/or capital programme

2.14.9 undertake, where appropriate, a premarket testing exercise.

2.15 In considering how best to procure works, supplies and services or the granting of service concessions, Directors and/or Responsible Officers (as appropriate in the context), shall take into account wider contractual delivery opportunities and purchasing methods including the use of purchasing schemes (see CSO 14) and e-procurement/purchasing methods, and the availability of local authority charging and trading powers under the Local Government Act 2003.

2.16 A Responsible Officer must ensure that all technical or commercial procurement consultant engaged in any capacity to manage or supervise the procurement of works, supplies (goods), services and granting of concessions for the Council must comply with the Contract Standing Orders and with the Procurement Guide.

2.17 It is a disciplinary offence to fail to comply with these Contract Standing Orders. All employees have a duty to report breaches of Contract Standing Orders to their Director.

2.18 Any officer or Member who suspects any misconduct or corruption in relation to the purchase by or on behalf of the Council of works, supplies (goods), services and the granting of service concessions must immediately report that suspicion to the Monitoring Officer and Director of Corporate Services.

## 6. Scheme of Delegations

- 2.19 Procurements may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Council's Scheme of Delegations. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge for the task and such delegation shall be recorded in writing by the officer delegating the task and notified to the relevant Director.
- 2.20 Officers shall, where appropriate, be informed by their Director of the extent of any delegated authority and applicable financial thresholds.

## 7. Financial Thresholds and Procedures

- 2.21 The table in CSO 7.5 sets out the general rules applying to the choice of purchasing procedure for contracts at the stated threshold values and the public notice requirements.
- 2.22 There is a general presumption in favour of competition. Wherever possible, contract opportunities should be advertised by way of a public notice, even for small value contracts or contracts under the Procurement Act 2023 threshold levels outlined in CSO 7.5.
- 2.23 The public notice referred to at CSO 7.2 should be published, as a minimum, via the Central Digital Platform (CDP) for any **advertised** procurement valued over £25,000. The public notice for any advertised procurements valued over the Procurement Act 2023 thresholds (see CSO 7.5) should be submitted, as a minimum, via the Central Digital Platform (CDP) and will also be published on Find a Tender Service (FTS). Following the publication of the form of notice or advertisement on the CDP and FTS, the Responsible Officer may choose to place one or more public notices in different media, such as or other electronic media and/or in the press, trade journals.
- 2.24 Once a below threshold contract has been awarded, details of the winning tenderer and contract value must be published on CDP using the 'Contracts Details Notice'. For more information, please refer to the Procurement Guide.

Once a successful bidder has been selected for an above threshold contract, a 'Contract Award Notice' must be published upon award of the contract, detailing the winning tenderer and contract value must be published on the CDP using the 'Contract Award Notice'. This commences the 8 working day standstill period. Once the standstill period has finished, and no challenges have been received, the contract can be awarded to the successful bidder and a 'Contract Details Notice' must be published on CDP. For more information, please refer to the Procurement Guide.

## **2.25 Table setting out financial thresholds which should include any renewals or extensions.**

**Below threshold figures are shown exclusive of VAT and above threshold figures are shown inclusive of VAT. Above threshold figures are updated by the relevant Cabinet Office Minister every two years.**

The Procurement Act 2023 applies to contracts to differing degrees, depending on the type of public contract or concession. Responsible Officers should act cautiously and seek advice from the Procurement Team when considering the application of the Procurement Act 2023 to public works, supplies or services' contracts and/or to works or services concession contracts.

### **WORKS: PUBLIC CONTRACTS AND CONCESSIONS**

<b>Total Value (£)</b>	<b>Conducted by</b>	<b>Procedure</b>
0 to 499	Process can be conducted by a Responsible Officer	No formal quotes required but value for money must be obtained
At 500 to 24,999	Process can be conducted by a Responsible Officer	At least one quote in advance and value for money obtained
At 25,000 to 49,999	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Seek to obtain at least three written quotes in advance using a select list of companies – no requirement to advertise. If advertised, notice to be published on CDP as a minimum
At 50,000 to 5,372,608	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Seek to obtain at least three written tenders in advance - advertise on CDP as a minimum
At 5,372,609 and above	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	The Procurement Act 2023 applies – full competitive process with at least three written tenders in advance - advertise by public notice on CDP as a minimum

### **SUPPLIES & SERVICES: PUBLIC CONTRACTS AND CONCESSIONS**

<b>Total Value (£)</b>	<b>Conducted by</b>	<b>Procedure</b>
0 to 499	Process can be conducted by a Responsible Officer	No formal quotes required but value for money must be obtained
At 500 to 24,999	Process can be conducted by a Responsible Officer	At least one quote in advance and value for money obtained

At 25,000 to 49,999	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Seek to obtain at least three written quotes in advance using a select list of companies – no requirement to advertise. If advertised, notice to be published on CDP as a minimum
At 50,000 to 214,903	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Seek to obtain at least three written tenders in advance - advertise on CDP as a minimum
At 214,904 and above	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	The Procurement Act 2023 applies – full competitive process with at least three written tenders in advance - advertise by public notice on CDP as a minimum

### **LIGHT TOUCH CONTRACTS (LTC)**

**(E.G. CULTURAL/FESTIVAL EVENT ORGANISATION/BENEFIT/OTHER COMMUNITY SERVICES ETC.)**

<b>Total Value (£)</b>	<b>Conducted by</b>	<b>Procedure</b>
0 to 499	Process can be conducted by a Responsible Officer	No formal quotes required but value for money must be obtained
At 500 to 24,999	Process can be conducted by a Responsible Officer	At least one quote in advance and value for money obtained
At 25,000 to 49,999	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Seek to obtain at least three written quotes in advance using a select list of companies – no requirement to advertise. If advertised, notice to be published on CDP as a minimum
At 50,000 to 663,539	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	There is a presumption in favour of a competitive process, seeking to obtain at least three written tenders in advance - advertise on CDP as a minimum
At 663,540 and above	A Responsible Officer must use the Procurement Team and e-tendering system to administer the process	Section 9 of the Procurement Act 2023 defines a 'light touch contract' - advertise by public notice on CDP as a minimum

2.26 Where contracts are of a type and value which means that they are subject to the Procurement Act 2023, there are three main types of procedures available. These are the Open Procedure, Competitive Flexible Procedure and Direct Award (for special circumstances). The chosen procedure must be proportionate having regard to the nature, complexity and cost of the contract and assistance from the Procurement Team must be sought.

## 8. Financial Thresholds and Processes Applying to Approval and Execution of Contracts

2.27 For contracts over £50,000, the decision to proceed to advertisement must be authorised in writing by the relevant Director, in advance. For contracts above the Procurement Act 2023 threshold (see CSO 7.5), the choice of purchasing procedure to be used, and the decision to proceed to advertisement, must be agreed with the Procurement Team and authorised in writing by the relevant Director, in advance.

2.28 When a decision is made to award a contract, the Responsible Officer must, in addition to complying with their general obligations under these Contract Standing Orders, ensure that:

2.28.1 the appropriate approvals have been obtained to authorise that decision; and

2.28.2 where appropriate, a standstill period complying with the Procurement Act 2023 is incorporated into the final award process.

2.29 Any contracts valued at £100,000 or above, shall be executed as a deed (under seal). Contracts with values between £50,000 and £99,999 shall require the relevant Director's signature. All other contracts below £50,000, may be signed by an officer with appropriate delegated authority.

2.30 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the IT Services.

2.31 Contract sealing (with the common seal of the Council) shall be the responsibility of Legal Services.

## 9. Calculating the Contract Value and Security

2.32 The starting point for calculating the contract value for the purposes of these Contract Standing Orders is that the contract value shall be the genuine pre- estimate of the value of the entire contract excluding Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (including proposed extensions, options to include additional services or works and renewals).

Responsible Officers should seek advice from the Procurement Team on the application of the Procurement Act 2023 where they envisage that they may require repeat purchases and/or purchases of a similar type.

Further guidance on the calculation of the contract value is set out in the Procurement Guide.



2.33 There shall be no artificial splitting of a contract to avoid the application of the provisions of the Procurement Act 2023 and/or these Contract Standing Orders.

#### 2.34 Performance bond and Parent Company Guarantee (PCG)

2.34.1 The Responsible Officer shall consider requesting and obtaining appropriate security for construction contracts (that can be either performance bond or PCG as applicable).

2.34.2 For any other contracts for supplies (goods), services or works, the Responsible Officer must consider in consultation with Financial Services whether it is appropriate to take security in the form of a PCG or Performance Bond and document the outcome.

### 10. Principles Underlying Tendering Processes and Tender Evaluation

2.35 All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner to ensure:

2.35.1 Sufficient time is given to plan and run the process

2.35.2 Equal opportunity and equal treatment

2.35.3 Openness and transparency

2.35.4 Probity

2.35.5 Outcomes, which deliver sustainability, efficiency, equality, social value, whole life costings and cost savings (where appropriate).

2.35.6 Compliance with all regulatory requirements and integrity of the tender process, e.g. evaluation panels consisting of more than one officer and completion of conflict assessments.

2.36 All procurements must be carried out and evaluated in accordance with the Procurement Guide.

### 11. Submission and Opening of Tenders

2.37 An Invitation to Tender shall be issued by the Council for all contracts valued at or over £100,000 and tenders shall be submitted in accordance with the requirements of the Invitation to Tender.

2.38 Any tenders received (other than those received electronically, to which CSO 11.3 shall apply) shall be:

2.38.1 addressed to the Procurement Team

2.38.2 clearly marked "Tender" followed by the subject matter to which

it relates

2.38.3 kept in a safe place by Financial Services

2.38.4 retained unopened until the date and time specified for its opening.

2.38.5 opened by the relevant Director or nominee and an immediate record shall be made of the tenders received including names and addresses and the date and time of opening.

2.39 Where the Council has indicated in the Invitation to Tender that a tender can or must be submitted electronically via the Council's e-tendering system, then those tenders shall be:

2.39.1 in the format specified in the Invitation to Tender

2.39.2 remain sealed and unopened in the system until the date and time specified for its opening

2.39.3 opened by a staff member of Financial Services

2.40 No tender received after the time and date specified for its opening shall be accepted or considered by the Council unless the relevant Director is satisfied that there is sufficient evidence of the tender having been dispatched in time for it to have arrived before the closing date and time, or other exceptional circumstances apply, and the other tenders have not been opened.

## 12. Evaluation of Quotes and Tenders

2.41 All quotes and tenders shall be evaluated in accordance with evaluation criteria notified in advance to those submitting quotes/tenders.

2.42 Above threshold tenders shall be evaluated in accordance with the Procurement Act 2023.

2.43 Save in exceptional circumstances, approved in advance by the relevant Director, all contracts shall be awarded based on the quote or tender which represents the Most Advantageous Tender, as determined by the award criteria detailed in the invitation to tender or quote and not based on lowest price.

2.44 The financial evaluation of any tenderers as part of a select list process, where suppliers are chosen, and no public notice has been advertised for open competition, is undertaken ahead of tender documents being released. Only suppliers that meet the Council's turnover, profitability and liquidity thresholds are included in a restricted select list process

The financial evaluation of any tenderers as part of an openly

advertised process is undertaken after evaluation of all bids and the identification of a preferred tenderer. The Council uses a third-party credit agency to assist in the financial evaluation that looks at financial risk and overall stability, turnover, profitability and liquidity.

Where there is doubt as to the tenderer's financial stability, or no external report evidencing financial stability is available, then Financial Services shall provide expert advice during the procurement process and prior to any contract award. For more information, please refer to the Procurement Guide.

### 13. Waivers

2.45 The requirement for the Council to conduct a competitive purchasing process for contracts at or above £25,000 (exclusive of Value Added Tax) may be waived in the following circumstances:

2.45.1 for below threshold contracts, at the discretion of the relevant Director(s), who may proceed in a manner most expedient to the efficient management of the service/Council, with reasons recorded in writing.

2.45.2 for below threshold contracts, the work, supply, service or grant of service or work concession is required as a matter of urgency and a delay would be likely to lead to financial loss, personal injury or damage to property; or

2.45.3 for above threshold contracts, where the requirements set out in the Procurement Act 2023 apply, and the work, supply, service or grant of service or work concession is required for 'special cases', 'to protect life or health' and/or 'due to market failure'

2.46 A Responsible Officer who seeks a waiver of Contract Standing Orders, shall do so only in advance and only in exceptional circumstances. Further guidance on what may constitute exceptional circumstances permitting waiver of these Contract Standing Orders is set out in the Procurement Guide.

2.47 Lack of sufficient planning and/or service capacity issues will not constitute a valid reason for an exemption or variation.

2.48 The relevant Director(s) may waive the requirement for the Council to conduct a particular type of procurement process e.g. an advertised quote process may be waived in favour of a select list process, i.e. there is still a competitive purchasing process, but the route is not as set out in CSO 7.5

2.49 All waivers from these Contract Standing Orders must be:

2.49.1 Compliant with the Procurement Act 2023

2.49.2 Agreed by the Procurement Team who will consider each

request against the exemption criteria and must be consulted prior to submission to relevant Director.

2.49.3 Fully documented

2.49.4 Subject to completion of a Waiver Form, to be submitted in advance to the relevant Director, which shall include reasons for the waiver which demonstrate that the waiver is genuinely required

2.49.5 Subject to approval in advance by the relevant Director, who shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional. Waivers valued over £100,000 will need to be countersigned by a second Director.

2.50 All decisions on waivers must consider:

2.50.1 Probity

2.50.2 Best value/value for money principles.

2.51 A waiver does not remove the need to ensure that the basic procurement documents are created, i.e. a specification detailing the Council's requirements, a pricing schedule showing the cost and contract conditions to bind the arrangement.

2.52 All completed waiver forms are to be passed to the Procurement Team who will keep them on file and will update local and national registers (where applicable).

#### 14. Purchasing Schemes (including Framework Agreements)

2.53 A Responsible Officer may use purchasing schemes subject to the following conditions and the Procurement Guide.

2.54 Responsible Officers must:

2.54.1 Engage with the Procurement Team for any purchases over £25,000

2.54.2 Liaise with Procurement Team to check the Council is legally entitled to use the purchasing scheme, that the purchases to be made properly fall within the coverage of the purchasing scheme and the establishment and operation of each purchasing scheme follows the Procurement Act 2023 (where they apply) and meets the Council's own requirements.

2.55 A “purchasing scheme” may include:

2.55.1 Framework Agreements

2.55.2 Dynamic Markets

2.55.3 Contractor prequalification lists/select lists

2.55.4 Purchasing arrangements set up by central purchasing bodies and commercial organisations

2.55.5 Consortium purchasing

2.55.6 Collaborative working arrangements

2.56 Where a purchasing scheme is used, the Procure Team will need to ensure that the scheme is compliant with the Procurement Act 2023 and that the Council is able to use the scheme.

2.57 Responsible Officers shall liaise with the Procurement Team regarding the use of a purchasing scheme. There may be a requirement under the scheme to follow specific rules regarding compliance (Access and Award Agreements, use of Lots, length of contract, etc.), procurement process (Direct Award or Further Competition) and documentation (allowable scope of works and/or services, tendered pricing schedules and Framework Terms & Conditions).

2.58 Use of a purchasing scheme does not remove the need to ensure that the basic procurement documents are created, i.e. a specification detailing the Council's requirements, a pricing schedule showing the cost and contract conditions to bind the arrangement. It shall not negate the requirement for due-diligence checks on financial standing, insurance, technical ability and any relevant accreditations/qualifications.

## 15. Extensions and Modifications to Existing Contracts

2.59 An extension to the duration of an existing contract may be implemented if specifically provided for in the contract and for the specified period.

2.60 Extensions to the duration of a contract, which are not included in the original contract, and/or modifications to existing contracts such as the inclusion of additional services shall be.

2.60.1 made in accordance with any statutory restrictions and any specific terms of the contract

2.60.2 fully documented

2.60.3 subject to completion of an Extension Form, to be submitted and approved firstly by the Procurement Team and thereafter sent

to the relevant Director for authorisation, which shall include reasons for the extension or modification

2.60.4 subject to approval by the relevant Director who shall record that they have considered the reasons for the extension or modification and that they are satisfied that there are circumstances justifying the extension or modification.

2.61 Any extension to the duration of and/or modification to existing contracts must take

2.61.1 Probity

2.61.2 Best value/value for money principles.

2.62 Where the Procurement Act 2023 applies, any extension to the duration of, and/or modification to, existing contracts must meet the conditions set out in the Procurement Act 2023 in addition to the more general requirements set out above.

## 16. Retention of Records

2.63 Responsible Officer shall ensure (and shall ensure that every contract manager) to keep copies of all contracts signed not signed as a deed and shall retain records for the duration of the contracts and a further 6 years.

2.64 Legal Services shall be responsible for keeping copies of all sealed contracts for the duration of the contracts and further 12 years.

## 17. Review and Changes to these Contract Standing Orders

2.65 These Contract Standing Orders shall be reviewed and updated on a regular basis.

2.66 Save in the case of revisions to the thresholds referred to in CSO 7.5 (which shall be dealt with under the Scheme of Delegations), revisions to Contract Standing Orders shall be agreed by the General Assembly of the Council.

## 18. Suspension of these Contract Standing Orders

2.67 These Contract Standing Orders may be suspended in accordance with the Council Procedure Rules at Standing Order 41.

## 19. ANNEX 1

National Procurement Policy Statement

2024 Procurement Act 2023

The Public Procurement (Amendment etc.) (EU Exit) Regulations

2020 Data Protection Act 2018

Modern Slavery Act 2015

Local Government Transparency Code

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Reviewed: 29/01/2025

2015 The Public Services (Social Value)  
Act 2012 Best Value – Statutory  
Guidance 2011 Bribery Act 2010  
Equality Act 2010  
Transfer of Undertakings (Protection of Employment) Regulations  
2006 Environmental Information Regulations 2004  
Freedom of Information Act 2000  
Health & Safety at Work etc. Act  
1974